



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
LEGISLATIVE AND REGULATORY AFFAIRS

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BULLETIN 08-13

TO: ALL INTERESTED PARTIES
FROM: STEVEN M. GOLDMAN, COMMISSIONER
RE: DEBT ADJUSTING ACTIVITIES

The New Jersey Department of Banking and Insurance (Department) has become aware of a substantial amount of advertising by entities that are offering services described as “debt consolidation,” “debt settlement,” “foreclosure consulting” and “debt management.” The Department is concerned that consumers may be subjecting themselves to financial risk by working with entities offering such services which may not be licensed by the Department as debt adjusters. Debt adjuster licensees are required to be bonded and operate under the regulatory supervision of the Department. The purpose of this bulletin is to remind interested parties of the requirements of N.J.S.A. 17:16G-1 et seq. (the Act), regarding the providing of debt adjustment services to New Jersey residents.

A debt adjuster is defined in the Act as a person who either: (a) acts or offers to act for consideration as an intermediary between a debtor and his creditors for the purpose of settling, compounding, or otherwise altering the terms of payment of any debts of the debtor, or (b) who, to that end, receives money or other property from the debtor, or on behalf of the debtor, for payment to, or distribution among, the creditors of the debtor. The law goes on to provide that the following persons shall not be deemed to be debt adjusters: (a) an attorney-at-law of this state who is not principally engaged as a debt adjuster; (b) a person who is a regular, full-time employee of a debtor, and who acts as an adjuster of his employer’s debts; (c) a person acting pursuant to any order or judgment of a court, or pursuant to authority conferred by any law of this state or the United States; (d) a person who is a creditor of the debtor, or an agent of one or more creditors of the debtor, and whose services in adjusting the debtor’s debts are rendered without cost to the debtor; or (e) a person who, at the request of a debtor, arranges for or makes a loan to the debtor and who, at the authorization of the debtor, acts as an adjuster of the debtor’s debts in the disbursement of the proceeds of the loan, without compensation for the services rendered in adjusting those debts. N.J.S.A. 17:16G-1(c).

In particular, this Bulletin addresses the fact that, unless qualified for an exemption as set forth in N.J.S.A. 17:16G-1(c), only those entities that are licensed to act as a debt adjuster by the Department may perform debt adjustment services as defined therein for New Jersey residents.

The Department has recently investigated a number of persons and agencies for possibly acting as a debt adjuster without being licensed and will continue to enforce the statutory licensure requirement. Penalties for violating the Act are set forth in N.J.S.A. 17:16G-8. Further, possible criminal sanctions are set forth at N.J.S.A. 2C:21-19(f).

Additional information is available on the Department's website at www.njdobi.org.

7/28/08

Date

/s/ Steven M. Goldman

Steven M. Goldman

Commissioner

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